



**UNITED STATES DEPARTMENT OF COMMERCE**  
**International Trade Administration**  
Washington, D.C. 20230

**ITA Accounting Memorandum 2006 – 06**

**MAR 13 2006**

MEMORANUM FOR: Program Managers and Resource Managers

FROM: Leslie Hyland, Director of Accounting and  
Financial Systems

SUBJECT: Use of Recoveries

Prior to the beginning of each fiscal year, program offices are required to submit preliminary operating plans (aka fiscal plans) based on the marks in the President's Budget for that year. These plans are later updated to reflect amounts made available in that year's appropriation and any carryover amounts. Sound budget and planning management require that current, ongoing program operations be funded at current year appropriated levels. Anticipated recoveries of prior year funds cannot be considered a dependable funding source and are precluded from budget planning until realized.

As described in the Guidance for Administrative Control of Funds in FY2005 memo, funds control in the accounting system is set at the Deputy Assistant Secretary level according to the operating plans submitted by the Assistant Secretaries and approved by the Chief Financial Officer (CFO).

In order to have access to funds recovered through deobligations of prior year obligations under legacy/prior no-year funding sources (13X1250), Resource Managers will need to provide:

- A justification of why the funds are needed, linked to the ITA Strategic Plan and Performance Goals.
- A description of the activities, goods, or services that will be supported by use of the recovered funds.
- An updated operating plan indicating in which offices, object classes, and quarters the recovered funds will be obligated.

As noted in ITA Accounting Memorandum 2006 – 05, Subject: Operating Under the FY2006/2007 Two-Year Appropriation, as a general policy, recoveries should be made available only for domestic (as opposed to overseas via Department of State financial systems) activities, preferably of larger dollar amounts to reduce the workload associated with numerous, small dollar-value transactions.

Once the new fiscal year plan has been approved by the CFO and the funds have been recovered, the plans will be entered into the accounting system and the funds will be available to the program offices.



Recovery amounts must be within the apportioned ceiling on record with the Department of Commerce and the Office of Management and Budget. If the ceiling must be raised to accommodate the anticipated recovery, we will need to get the necessary approvals before recovery amounts become part of the available funding to ITA and reflected within the accounting system. These approvals can take several weeks, so programs must build that time into their quarterly plans.

This policy promotes sound financial management and identify program activities funded through prior year recoveries. This information is used not only for reporting purposes but also to better document the impact of funding on the Bureau's ability to fulfill its mission.

Cleared:



Jim Donahue, Acting Chief Financial Officer